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EXAMINER

KYLE, CHARLES R

ART UNIT PAPER NUMBER

3624

DATE MAILED: 03/09/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/752,650

Applicant(s)

DICKSTEIN ET AL.

Examiner

Charles R Kyle

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 21 December 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 79-111 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 79-111 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date 5/28/04.
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____

DETAILED ACTION

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 79-85 recites the limitation "the company's authorized agent" in line 12. There is insufficient antecedent basis for this limitation in the claim.

Claim 84 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It recites the phrase "... transaction in accordance with the company employee.." It is unclear how a transaction could be in accordance with an employee. It is assumed for examination purposes that the transaction is in accordance with an authorization of an employee.

Claim 96 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It recites the phrase "...further configured to update to the company's tax liability". Perhaps it is intended that information related to the tax liability is updated.

Claim 97 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It recites the phrase "...wherein the device comprises ... specialists and managers". It appears that humans are an element of a device.

Claims 105-109 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It recites the phrase "...substantially in real-time", which is indefinite.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 79-84 and 110-111 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the

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invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. In *re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method

exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the *Freeman-Walter-Abele* test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001), non-precedential but cited for its reasoning.

In the present application, these Claims have no connection to the technological arts. None of the steps indicate any connection to a computer or technology. The preamble of Claims 79-84 recites computer implementation, but there is not reference to technological features such as a computer in the body of the claims. Claims 110-111 recite a system, which is indeterminate as to its nature; reference is made in the body of the claims to software and databases, but there is no positive recitation of technology such as a computer. Therefore, the claims are directed towards non-statutory subject matter. To overcome this rejection the Examiner recommends that Applicant amend the claims to better clarify which of the steps are being performed within the technological arts, such as incorporating a computer network or electronic network into the preamble and relevant elements in the body of the Claims.

Claim Rejections - 35 USC § 103

Claims 79-94 and 105-109 are rejected under 35 U.S.C. 103(a) as being unpatentable over *SEC EDGAR Submission 0001012870-98-001814*, hereinafter *SEC2* in view of US 6,374,270 *Maimon et al.*

With respect to Claim 79, *SEC2* discloses the invention substantially as claimed, including in a comprehensive and integrated method of filing information on changes on a company's capitalization structure (filing of an SEC Form S-1 for issuance of Common Stock, see page 2-3; also entire document as comprehensive and integrated), steps of:

Initiating a capitalization-affecting activity by a company agent (pages 4-5, offering of sales of common stock for sale by an Goldman, Sachs and Co.)

Classification of the capitalization-affecting activity as to security type (pages 4-5, Common Stock; page 26) and transaction (Common Stock being sold, same cites) the company's capitalization structure being maintained in a database and in accordance with governmental regulations (EDGAR database as well as EBAY accounting databases, pages 87-88, "Consolidated Statement of Stockholders' Equity");

Authorization from company agents, when required to complete a capitalization-affecting activity (pages 68-70, Equity Incentive and ESPP plan adoption by Directors and approval by voting stockholders);

Execution of a capitalization-affecting activity (pages 69-70, execution of ESPP).

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SEC2 does not specifically disclose details of computer implementation of its method. *Maimon* discloses a computer implementation for the preparation of disclosure documents, such as *SEC2*, for governmental entities at Figs. 1, 2, 3A and 3B and related text. It would have been obvious to one of ordinary skill in the art at the time of the invention to implement *SEC2* on the computer system of *Maimon* because this would provide a hardware mechanism for the performance of the method.

With respect to Claim 80, see the discussion of Claim 79, which discusses the sale of a company security (common stock).

With respect to Claim 81, *SEC2* discloses reporting of “what-if”, (i.e., pro forma) capitalization affecting activity at pages 9-10, bracketed text.

Concerning Claim 82, *SEC2* discloses generation of a company balance sheet and report representative of the capitalization structure at pages 85-86, Exhibit F-2.

With respect to Claim 83, see the discussion of Claim 82; the cite discloses a present balance sheet, dated June 30, 1998, at least.

With respect to Claim 84, *Maimon* discloses activities in accordance with a company employee (authorization) at Col. 4, lines 49-52.

With respect to Claim 85, see the discussion of Claim 79 and note that submission of the Form S-1 implies acceptance of a request for a transaction sale from eBay by the SEC.

With respect to Claim 86, see the discussion of Claims 85 and 80.

With respect to Claim 87, *Maimon* discloses the use of e-mail which functions on the Internet or an area network at Col. 1, lines 52-63.

Concerning Claim 88, *SEC2* discloses interfacing with a transfer agent at page 81. Not interfacing with the transfer agent absent compliance or approval would be obvious because there would be no legal way for the agent to transfer stock.

With respect to Claim 89, see the discussion of Claims 85 and 79.

With respect to Claim 90, see the discussion of Claims 85 and 84. Here activities performed in accordance with restrictions associated with an employee are read as activities allowed at various levels of access to users.

With respect to Claim 91, *SEC2* discloses a report including changes to the recited elements as a "Consolidated Statement of Cash Flows" at pages 88-89.

Regarding Claim 92, *SEC2* discloses capitalization data, and governance and taxation information at pages 26-27 and 29-31.

With respect to Claim 93, see Claims 85 and 80.

As to Claim 94, Official Notice is taken that it was old and well known at the time of the invention to update capitalization information to maintain accurate records. This was also inherent to preparation of the Balance Sheet disclosed by *SEC2*; periodic adjustments to equity accounts are based on net income for a period.

With respect to Claim 105, see the discussion above

With respect to Claim 106, see the discussions above.

With respect to Claim 107, *SEC2* discloses requirement of board approval at pages 68-70, Equity Incentive and ESPP plan adoption by Directors and approval by voting stockholders.

As to Claims 108-109 they recite limitations addressed above and are rejected in alike manner.

Claims 95-104 and 110-111 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 6,374,270 *Maimon et al* in view of *SEC EDGAR Submission 0001012870-98-001814*, hereinafter *SEC2*.

With respect to Claim 95, *Maimon* discloses the invention substantially as claimed, including in a computerized system for integrated handling of securities information (Background of the Invention), elements of:

A database comprising data relating to a capitalization structure of a company (Fig. 3A, ele. 309);

Database administrator software in communication with the database (Col. 4, line 28 to Col. 5, line 14);

A device in communication with the database administrator software, wherein the device is configured to transmit security information from a user directly authorized by the company (Col. 4, lines 49-52), wherein the information relates to the company's securities (Appendix A; Background of the Invention);

Wherein the system considers legal requirements (Fig 3A, ele. 313), unique identification of the user (Col. 4, lines 49-52) and determines compliance with governmental regulations and legal requirements with respect to the security information (Col. 12, line 29 to Col. 14, line 10.)

Maimon does not specifically disclose that the information relates to a security transaction request affecting a capitalization structure. *SEC2* discloses these limitations at pages 4-5, Common Stock and page 26. This Form S-1 is clearly developed for the purpose of

providing information of a security transaction (stock sale), which affects the capitalization structure of a company, eBay, Inc. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the corporate disclosure system for SEC submissions of *Maimon* to process the request for transactions affecting capitalization disclosed by *SEC2* because this would allow users to meet disclosure requirements of governmental entities, such as the SEC, and allow determination of compliance to allow a sale of stock.

With respect to Claim 96, see the discussion of Claims 95 and 94.

Concerning Claim 97, see the discussion of Claims 95 and 87.

As to Claim 98, see the discussion of Claim 95 and note that *SEC2* is exactly such a report relating to a security transaction request.

With respect to Claims 99, 100 and 103, see the discussion of Claims 95 and 89, 90 and 81.

With respect to Claims 101-102, *SEC2* discloses a payment related to a security transaction request at page 3, "Calculation of Registration Fee." *Maimon* discloses a screen for securities information display at Col. 3, lines 25-50. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the display screen of *Maimon* to provide a customized interface for the payment and tracking of information of *SEC2* because this would simplify input and insure timely payment.

With respect to Claim 104, see the discussion of Claim 95 and *SEC2* discloses a request for sale of stock at pages 4-5, Common Stock and page 26.

With respect to Claims 110-111, see the discussions above.

Response to Arguments

Applicant's arguments with respect to the claims have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

SEC Form 10-K filing by eBay, Inc. 0001012870-99-000878, dated March 30, 1999, 96 pages for its teachings on updating data related to a capitalization structure.

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

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Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles R Kyle whose telephone number is (703) 305-4458. The examiner can normally be reached on M-F 6:00-2:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent A Millin can be reached on (703) 308-1065. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

crk
March 3, 2005

Examiner Charles Kyle

A handwritten signature in black ink, appearing to read "Charles Kyle", written in a cursive style.